

TENNESSEE STATE FUNDING BOARD
June 15, 2021

The Tennessee State Funding Board (the "Board") met on Tuesday, June 15, 2021, at 3:10 p.m., in the Tennessee State Capitol, Executive Conference Room, Ground Floor, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also physically present:

The Honorable Tre Hargett, Secretary of State
The Honorable David Lillard, State Treasurer
Commissioner Butch Eley, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Having established that a physical quorum was present, Mr. Mumpower called the meeting to order and presented the minutes from the meeting held on May 24, 2021, for consideration and approval. Mr. Hargett made a motion to approve the minutes, and Mr. Lillard seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Trent Ridley, Chief Financial Officer of the Tennessee Housing Development Authority ("THDA"), to present the THDA's Schedule of Financing (the "Schedule") for Fiscal Year 2021-2022 for consideration for approval. Mr. Ridley stated that THDA was contemplating \$535 million in financing over fiscal year 2022, of which would consist of new production funds and some refunding opportunities, due to the low interest rates. Mr. Ridley then stated that there was approximately \$50-\$70 million of outstanding debt left under the 1985 General Resolution ("Resolution") which carried the state moral obligation. Mr. Ridley further stated that he thought by the end of the calendar year, or early calendar year 2022, that all the bonds under the Resolution would be refunded leaving the state with no moral obligation on THDA bonds. Mr. Lillard made a motion to approve the Schedule, and Mr. Hargett seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Bob Rolfe, Commissioner of the Tennessee Department of Economic and Community Development ("ECD"), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Assistant Commissioner of Administration, ECD, to present the "FastTrack Report to State Funding Board" (the "Report"). Mr. VanderMeer reported that, as of the date of the May 24, 2021, Board meeting, the FastTrack balance was \$311,673,443.86. Since that time \$6,360,100 in new grants and loans had been approved, and \$75,142.88 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$305,238,200.98 as of the date of the Report. Mr. VanderMeer reported that commitments had been made in the amount of \$220,778,607.86, resulting in an uncommitted FastTrack balance of \$84,459,593.12. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$65,750,000.00, and if these projects were approved, the uncommitted balance would be \$18,709,593.12 and the total committed balance would be \$286,528,607.86, which represented 93.9% of the FastTrack balance.

Commissioner Rolfe then presented the following FastTrack projects:

- **Ultium Cells LLC – Spring Hill (Maury Co.)**
FastTrack Economic Development Grant \$60,000,000
- **Hardwood Products Company LP (Puritan Medical Products LLC) – Orlinda (Robertson Co.)**
FastTrack Economic Development Grant \$ 4,750,000
- **Advanex Americas, Inc. – White House (Robertson Co.)**
FastTrack Economic Development Grant \$ 1,000,000

The Board member packets included letters and FastTrack checklists signed by Commissioner Rolfe, and incentive acceptance forms signed by company representatives. Mr. Mumpower inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Commissioner Rolfe responded affirmatively. Mr. Mumpower then inquired if the checklists had been completed for each project and Commissioner Rolfe responded affirmatively. Mr. Mumpower then inquired if all the projects included accountability agreements which would provide protections for the state in the event the entity could not fulfill the agreement, and Mr. Rolfe responded affirmatively.

Mr. Hargett then asked how time sensitive was the approval of the presented projects. Mr. Rolfe responded that the Ultium project was time sensitive due to the electric vehicle market. Mr. Rolfe further responded that the primary driver of the success of the electric vehicle was the batteries. Mr. Rolfe further responded that there was a shortage in batteries for electric vehicles. Mr. Rolfe then responded that the Puritan Medical Products project was well under construction and that they were one of only two companies in the world that produce specialized swabs used in COVID-19 tests. Mr. Rolfe further responded that based on the short supply of swabs, that project was one ECD was most interested in getting an expeditious approval. Mr. Hargett made a motion to approve the FastTrack projects that were presented, and Mr. Lillard seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Ms. Sandra Thompson, Assistant Secretary to the Board and Director of State Government Finance (“SGF”), to present for consideration for approval a “Resolution Making Findings for Decrease in Special Revenues” which was presented pursuant to Section 9-9-104(b), Tennessee Code Annotated. Ms. Thompson stated that the state had covenanted with bond holders that it would not decrease the Special Tax revenues that have been pledged for the payment of principal and interest on its debt unless the Board shall certify the following by resolution as required by TCA Section 9-9-104(b): (1) all payments due pursuant to Tennessee Code Annotated Title 9, Chapter 9 have been made in full; (2) the state is not in default in the payment of any outstanding debt; and (3) fees and taxes pledged pursuant to TCA Section 9-9-104 will be sufficient to provide funds adequate to meet all payments required to be made by the Board in Fiscal Year 2021-2022. Mr. Mumpower moved for adoption of the resolution, and Mr. Hargett seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present for consideration and acceptance a letter from the Chief Investment Officer of the Tennessee Consolidated Retirement System (“TCRS”) addressed to the Secretary of the Board affirming that TCRS does not plan to terminate its contract prior to July 1, 2022, to serve as a standby purchaser under the State’s commercial paper program. Ms. Thompson stated that the Board had received in their packets a draft letter from the Secretary of the Board to the Chief Investment Officer of the TCRS affirming that the Board also does not plan to terminate the contract prior to July 1,

2022. Ms. Thompson requested approval to submit the letter to TCRS on behalf of the Board. Mr. Mumpower made a motion to approve the acceptance of the letter from TCRS and authorize the Comptroller to notify TCRS on behalf of the Board and to send an executed letter to TCRS affirming the Board would not terminate the contract. Mr. Lillard seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Thompson to present for consideration and approval a "Resolution Allocating Funds to Defray a Portion of the Cost of Highway Bridge Construction Projects and to Cancel Authorized Bonds". Ms. Thompson stated that resolution would cancel the remaining bond authorization for bridge construction. Ms. Thompson then stated that the resolution canceled bonds for bridge construction in the amount of \$600,000.00 and would be effective as of June 15, 2021. Mr. Lillard made a motion to approve the resolution. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Betsy Knotts, Director of the Division of Local Government Finance ("LGF") to present the Tennessee Budget Manual (the "Budget Manual") and the Debt Manual for Local Governments (the "Debt Manual") for consideration and approval. Ms. Knotts stated that both manuals had been drafted in response to legislation that had been passed in that legislative session. Ms. Knotts then stated that all interested parties had been emailed on May 21, 2021, soliciting comments on the manuals by June 11, 2021. Ms. Knotts stated that a grid for each manual, detailing all public comments and LGF's proposed resolution of the matter, was included in the Board members' packets for both manuals. Ms. Knotts then stated that the majority of the comments were helpful and integrated as much as possible. Ms. Knotts further stated that there were additional comments that would have required additional sections added to the manuals, and that those comments had been filed away for possible later revisions to the manuals. Mr. Mumpower clarified that both manuals were open to revision in the future based on real world experience and comments from local governments or other interested parties.

Mr. Eley then inquired if any of the comments received led to material changes in the Budget Manual or the Debt Manual from LGF's original intent. Ms. Knotts responded that there were no material changes made to the Debt Manual and that the comments were primarily for clarification. Ms. Knotts then responded that comments were received from the County Technical Assistance Service ("CTAS") and the Municipal Technical Assistance Service ("MTAS") of the University of Tennessee Institute of Public Service, among others. Ms. Knotts further responded that LGF had a good dialogue with MTAS regarding clarifications to the balanced budget requirement for local governments in the state. Ms. Knotts further detailed some comments for clarification and error corrections. Ms. Knotts then responded that there were no comments on the Budget Manual that were material. Mr. Lillard made a motion to approve the Budget and Debt Manuals. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Mumpower then recognized Ms. Knotts to present a Report from the Comptroller's Office on requests for approval of plans of balloon indebtedness. Ms. Knotts reported that there were fifteen requests for the approval of a plan of balloon indebtedness from local governments in fiscal year 2021. Ms. Knotts further reported that the majority of the requests were for refundings, of which ten were for cost savings and one was to reduce interest rate risk by moving from variable rate to fixed rate debt. Ms. Knotts then reported that four of the requests were for new money issuances. Ms. Knotts further reported that two of the four new money requests were to achieve level aggregate debt service. Ms. Knotts then stated that she did not think it was unreasonable to have fifteen requests in a fiscal year. No further action was necessary.

Mr. Mumpower then recognized Ms. Knotts to present a Report from the Comptroller's Office on emergency financial aid to local governments pursuant to TCA 9-13-210. Ms. Knotts stated that a brief

summary page was included in the Board members' packets that cited the statute for what was termed emergency or Federal Emergency Management Agency ("FEMA") notes. Ms. Knotts said that LGF believed it was the first year in which these notes had been issued. Ms. Knotts further explained that the four local governments that issued the notes were allowed to borrow money and repay it after the close of the fiscal year in which they borrowed the funds. Ms. Knotts reported that Blount County was approved to issue \$5,000,000 but only issued \$2,000,000 and planned to have the amount repaid prior to the end of the fiscal year. Ms. Knotts then reported that Henry County took out a line credit as the county worried about their hospital's revenue when all non-essential treatments were suspended. Ms. Knotts further reported that Henry County never utilized the line of credit and would be terminating it soon. Ms. Knotts then reported that Knox County issued a two-year FEMA note and only had \$247,000 remaining to repay. Ms. Knotts then reported that Metropolitan Nashville Davidson County also issued a FEMA note that has since been repaid. No further action was necessary.

Approved on this 22nd day of July 2021.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sandra Thompson". The signature is written in a cursive, flowing style.

Sandra Thompson
Assistant Secretary